TOURIST HOTEL FOOD AND BEVERAGE IMPORTS IN FIJI AND VANUATU

Larry Dwyer
Macarthur Institute of Higher Education
Campbelltown, New South Wales

Both tourism and agriculture are generally regarded as important to the development objectives of South Pacific nations, yet little is known about the linkages between the two sectors. This article looks at the nature and extent of locally produced and imported food and beverages served in hotels in Vanuatu and Fiji, identifies reasons why hotels purchase imported products, and assesses possibilities for import substitution.

Introduction

Small island nations have become a subject of increasing study by development economists. The economies of these states--whether located in the Pacific or Indian oceans, the Caribbean or Mediterranean seas or elsewhere around the globe--are typically open, fragile, and dependent (Lestrade 1987; Bune 1987; Legarda 1984). Their openness is reflected in a very high ratio of exports and imports to Gross Domestic Product. Their fragility is reflected in their narrow, low-technology industrial bases, weak financial structures, and relatively large agricultural sectors that are highly vulnerable to changing world supply and demand. Their dependence is reflected in their reliance on foreign aid, tourism earnings, and overseas capital to help finance development projects.

Paralleling the increased attention to the economic development of small island states has been a wider interpretation of the meaning of "development." As a result of the critical writings of certain economists,

Pacific Studies, Vol. 13, No. 1--November 1989

anthropologists, sociologists, and other social theorists it is now appreciated that development has social, political, human, and historical dimensions that cannot be ignored if one is to comprehend the past, current, and future evolution of these societies (Apthorpe and Kráhl 1986; Seers 1981; Hill 1986). Nowhere are the essential linkages between economic, social, cultural, political, and other aspects of development more evident than in the impact of tourism on small island nations.

While tourism is a means of promoting wealth, foreign exchange earnings, and employment in a country, the potential economic benefits cannot be assessed independently of the noneconomic implications, many negative. Tourism, especially in a small country, has potentially serious social, cultural, environmental, aesthetic, and political effects that must be considered alongside the more easily quantifiable economic effects in an overall assessment of its costs and benefits (de Kadt 1979; Krippendorf 1982; Graburn 1983; Britton 1983).

Although the emergence of multidisciplinary study of the impact of tourism on small island nations is welcomed, unfortunately substantial gaps in our knowledge of its implications still exist, even when considered within the narrow scope of a particular discipline. Limited data on the economic impact of tourism often prevent realistic assessments of its effect on national income, employment, and the balance of payments, let alone an assessment of its overall costs and benefits. The present article, focusing on a particular but important issue in two small island nations, represents one attempt to help bridge the gap.

Background

For a number of years both Vanuatu[1] and Fiji[2] have suffered from a shortage of foreign exchange, which has acted as a major constraint to economic development. With slowly growing agricultural production and narrow export bases, together with low and unstable export prices and increasing trade deficits, receipts from tourism represent an important source of foreign exchange earnings. By expanding the demand for goods and services, thereby providing the opportunity for existing industries to grow and new industries to develop, tourism expenditure has contributed to national income and employment.[3]

At present there exist substantial leakages of tourism receipts to more developed countries, such as Australia and New Zealand, due to the high direct and indirect import content of the goods and services that satisfy tourist needs. Those leakages significantly reduce the impact of tourism on national income and employment in small island nations. If the tourism industry in these countries is to make a more significant contribution to economic development objectives, careful attention needs to be paid to retaining domestically a greater proportion of tourism expenditure and tourism-related investment. One means is to strengthen the linkages between the tourism industry and the agricultural and manufacturing sectors. In general, the more developed the links between the tourism industry and primary and secondary industry, the greater the contribution tourism receipts make to the domestic economy. The stronger the linkages the greater the possibilities for import substitution to meet visitor needs, thereby increasing the capacity of tourism to generate foreign exchange. Further, the greater the degree of integration and diversification in an economy the greater the amount of employment generated from a given amount of tourist spending.

In view of the limited scope that these Pacific nations have for import substitution in manufactured goods, the question arises as to the possibilities for strengthening the bonds between tourism and agriculture. While it is known that a large proportion of expenditure on imports into Vanuatu and Fiji is on foodstuffs,[4] very little is known as to the import content of hotel food and beverage purchases and the reasons that imported foodstuffs may be preferred to local products. Knowledge of the reasons certain foods and beverages are imported by hotels can serve as a guide to possibilities for import substitution in this area, which would reduce the nation's import bill for consumer items. It can also help in the formulation of policies designed to enhance the net economic impact of tourism (Belisle 1983; Lattimer 1985; Dwyer 1988).

Information on hotel food and beverage purchases was obtained between June and August 1986 in Vanuatu and April and May 1987 in Fiji, directly from tourist hotels in each country. Hotel purchasing officers kindly filled in a questionnaire formulated by the author. In all, ten hotels were surveyed, four in Vanuatu and six in Fiji.[5] While the results from such a small sample must be treated with caution, they are nonetheless indicative of the food and beverage purchasing profiles of the hotel sectors in these countries. In my view the respondents filled in the questionnaire responsibly and as accurately as they could, but given the small sample and the lack of quantitatively precise data in certain instances the reader must be wary of attaching unwarranted precision to the results. When treated as suggestive of actual values, however, the results convey useful information about hotel food and beverage expenditure in each country.

TABLE 1. **Food and Beverage Sales and Purchases of Sampled Hotels in Vanuatu and Fiji**

	Vanuatu 1985		Fiji 1986	
	Vatu[a]	%	F$[b]	%
Food				
Value of sales	83,753,300		4,852,164	
Purchasing costs	31,618,100		1,932,271	
Ratio of purchasing costs to sales		37.8		39.8
Beverages				
Value of sales	44,416,000		1,978,819	
Purchasing costs	20,157,900		783,141	
Ratio of purchasing costs to sales		45.4		39.6

[a]100 Vatu = U.S. 52¢ approx. (June 1987).
[b]F$1 = U.S. 72¢ approx. (June 1987).

Results

General Purchasing Profile

The value of food and beverage sales and purchases by the surveyed hotels in the two countries in the year preceding the survey is shown in Table 1. The purchasing costs comprise the total costs of goods sold excluding preparation costs and wages. The difference between the value of sales and purchasing costs represents value added in preparation and service.

Hotel purchasing costs by category of foodstuffs are set out in Table 2. For the sample in each country "meat" is the category of largest expenditure on food purchases, ranging from 22% to 34% of the total. Within this category the major items purchased were beef (prime cuts), beef (other cuts), pork, lamb, and veal. Another major category is "fish and seafood," ranging from 11% to 17% of the total food purchasing costs. Within this category the bulk of expenditure (from 60% to 75%) was on fish. Other seafood purchases included lobster, prawns, mussels, and crab. Poultry (including eggs) represents another major expenditure category. The bulk of hotel poultry meat purchases, over 90%, were for chicken, with less expenditure on duck and turkey. Aggregate expenditure on fruit and vegetables for the sample of hotels in each nation varied between 15% and 18% of total food purchases. Major fruits purchased were banana, pawpaw (papaya), pineapple, mango,

TABLE 2. **Components of Hotel Food and Beverage Purchases**

Category	Vanuatu 1985 Value Vatu ('000s)	Vanuatu 1985 % of Total Food Purchases	Fiji 1986 Value F$ ('000s)	Fiji 1986 % of Total Food Purchases
Food				
Meat	10787.9	34	425.1	22
Poultry (incl. eggs)	2403.3	8	231.8	12
Fish and other seafood	3343.9	11	328.5	17
Fruit	2321.2	7	135.3	7
Vegetables	3507.1	11	154.6	8
Dairy products	2221.4	7	251.2	13
Groceries	7042.3	22	405.8	21
Total (food)	31627.1	100	1932.3	100
Beverages	20157.9		783.2	
Total (both)	51785.0		2715.5	

watermelon, and passionfruit while major vegetables purchased were taro, potatoes, tomatoes, rice, cabbage, lettuce, onions, and carrots with smaller purchases of capsicum (peppers), beetroot, pumpkin, celery, and cauliflower. Purchases of dairy products such as milk, butter, cream, cheese, and ice cream ranged between 7% and 13% of hotel food purchases. Expenditure on groceries varied between 21% and 22%, and covered items such as bread and flour, canned and frozen foods, oils and fats, spices, sugar, pickles and relishes, jams and jellies, packaged cereals, tea, and coffee.

Purchases of beverages such as beer, spirits, wines, soft drinks, and fruit and vegetable juices also constituted a major expenditure item for the sample. Purchasing costs of beverages as a percentage of total food and beverage purchasing costs for the sample were 39% in Vanuatu and 29% in Fiji, indicating the importance of beverage purchases.

Import Content

The hotel purchasing officers were asked to nominate the import content of food and beverage purchases and the reasons imports were purchased in preference to local products.[6] The percentages shown in Table 3 represent the estimated proportion, by aggregate value, of local and imported products for each category. Compared to Vanuatu hotels, the import content of food purchases is slightly higher for Fiji hotels while

TABLE 3. **Import Content of Hotel Food and Beverage Purchases**

	Vanuatu 1985		Fiji 1986	
	Import Content (%)	Reasons for Imports[a]	Import Content (%)	Reasons for Imports[a]
Aggregate				
All foods	33		35	
All beverages	77	1,2	49	1,2,6
By category				
Meat	5	1,5	50	1,2,4,6
Poultry (incl. eggs)	0		1	1
Fish and other seafood	17	1,4	16	1,2,4,5
Fruit	6	1,2,4	22	1,2,4
Vegetables	51	1,2,4	45	1,2,4
Dairy products	52	1,2,3,4	4	1,2
Groceries	90	1,2,3,6	75	1,2,3,6

[a]Reasons for imports

1 unavailable in sufficient quantity locally
2 imported item is of better quality
3 imported food item is cheaper
4 supply of imported item is more reliable
5 imported item is more convenient to use
6 imported item conforms more to tourists' tastes

The six nominated reasons for imports were originally employed in a study by Belisle (1984a) of the import content of food purchases of the hotel sector in Jamaica.

that for beverage purchases is lower, due largely to a high proportion of beer purchases in the Fiji hotels' beverage purchasing profile and to the operation of a local brewery.

Meat. The Vanuatu hotels did not import meat except for some ham or bacon. Hoteliers expressed satisfaction with the local beef but nominated insufficient availability of local pork supplies and convenience as reasons for importing ham and bacon.

The hotels in Fiji serve imported beef (prime cuts), veal, and lamb. The main reason why hotels in Fiji purchase imported prime cuts of beef is that they are regarded as of superior quality. Although other reasons were offered--and some mince, sausages, and other cuts of beef are purchased from local sources--the overriding concern of hotels was with the quality of the beef. Some hotels complained about the toughness of the local product. The Fijian hotels served local pork exclusively and seemed satisfied with it.

Poultry. All hotels purchased local eggs only. Hotels in Vanuatu did not buy imported poultry and one hotel in Fiji purchased a minimal amount of imported turkey. None indicated any problems with local poultry products.

Fish and Other Seafood. For Vanuatu, 83% of overall fish and seafood purchases came from local sources. Import content for subcategories were fish 25%, prawns 25%, and mussels 100%. Reasons for imports were unavailability of the local product and more reliable supply of the imported item. It was stated, however, that guests generally prefer freshly caught fish and other seafood.

For the Fiji hotels 16% of fish and other seafood was imported. Over 90% of fish was of local origin while prawns, squid and octopus, oysters, and mussels were imported. The major reason for serving imported varieties seemed to be concern over irregular supplies. The quality of local lobsters and crabs seemed to be satisfactory but there was concern about their irregular supply. Imported prawns were often preferred because of consistent availability, quality, and presentation. Insufficient supplies of local oysters and mussels together with poor quality militated against their purchase.

Fruit. In Vanuatu guests prefer to consume local fruit. Purchases of imports came to 6% of total fruit purchases. Imported items were apples (100% imported) and pineapple (25% imported). The production of pineapples in Vanuatu is increasing and purchases of imported pineapples are likely to decrease over time.

In Fiji the import content of hotel fruit purchases was 22%. The high import content of fruit compared to Vanuatu is due mainly to the large proportion of oranges (51% of which by value are imported) served to guests despite a 55% duty on citrus fruits. Other imported items were apples, pears, grapes, strawberries, peaches, all 100%; grapefruits 38%; avocados 29%; and lemons 10%. Reasons for offering imported fruit include unreliability and seasonal inadequacy of local supplies and quality considerations.

Vegetables. In Vanuatu purchases of imports represented around 50% of the total amount spent by hotels on vegetables. Items imported were rice, 100% imported; potatoes, cabbage, beans, carrots, chilies, radishes, all 75% imported; and tomatoes, capsicum (bell peppers), lettuce, onions, parsley, cucumbers, eggplant, cauliflower, peas, broccoli, corn, brussels sprouts, spinach, celery, turnips, and zucchini, each 25%

imported. While unreliability of supplies from local producers was one of the reasons given for preferring imports, it was indicated that supplies of local vegetables are becoming more reliable.

In Fiji purchases of imports represented 45% of the total spent by hotels on vegetables. Items imported were potatoes, broccoli, beetroot, all 100%; onions and celery, each 95%; carrots 78%; peas 43%; lettuce 28%; cauliflower 27%; zucchini 26%; capsicum 25%; parsley 22%; cabbage 18%; brussels sprouts 12%; and tomatoes 3%. The major reason for importing was the insufficiency of local output during the off-season. Also, imported celery, lettuce, potatoes, tomatoes, and onions were regarded as superior in quality.

When weighted according to value the aggregate import content of fruit and vegetable purchases by Fiji hotels came to 34%. Comparing my estimates with those of Varley (1978), who estimated the import content of hotel fruit and vegetable purchases to be 54%, a degree of import substitution has occurred in Fiji's hotel sector during the past decade.

Dairy Products. In Vanuatu butter, cheese, and cream were 100% imported, milk was 25% imported, and ice cream was produced locally. The reason given for purchasing imported butter and cheese was the unavailability of local supplies. Imported cream was regarded as better and cheaper than the local product. Imported milk was regarded as of better quality and supplies are more reliable.

In Fiji butter, milk, and ice cream served by hotels were of local origin Cheese was 26% imported. Small quantities of cream also were imported. Reasons given for serving imported cheese were unavailability of supplies of the local product and superior quality of the imported item. Comment was also made that local cream tended to separate.

Groceries. Imports amounted to 90% of total grocery purchases of hotels in Vanuatu and 75% in Fiji. Items classified as local food in each country include bread, some jams and jellies, some coffee, oils and fats, and spices in Vanuatu; and some pickles and relishes, syrups, oils and fats, spices, and sugar in Fiji.

The reason given for generally preferring imported groceries was that such items simply are unavailable locally, especially in the bulk-size packages and cans that hotels desire. In the case of imported canned and frozen foods, for example, hotels realize appreciable savings in food preparation time and effort, in addition to providing products that satisfy tourists' taste preferences. During the off-season especially, when some fresh vegetables are in limited supply and prices rise, the purchase of imported canned and frozen foods can result in significant cost savings.

Beverages. In Vanuatu, purchases of imports came to 77% of total hotel purchase costs of beverages. Beer, spirits, and wine were wholly imported; soft drinks and fruit juices were 75% imported; and vegetable juices 25% imported. Reasons offered by hoteliers were primarily the unavailability of local beer, spirits, and wine. Some soft drinks were imported because they better complement spirits. Reservations were expressed about the quality of local fruit juices.

In Fiji purchases of imports came to 49% of total hotel purchase costs of beverages. The import content of beer was 5%, spirits 80%, wine 95%, vegetable juices 81%, while soft drinks and fruit juices were of local origin. While some imported beer was served in hotels the local product was well regarded. Some local-brand pouring spirits and house wines were served to guests but regarded as inferior to imported items, Overall import content was heavily influenced by purchases of imported wine for which the local product is not an adequate substitute.

Previous Studies

To my knowledge, only two previous studies have attempted to estimate the import content of hotel food and beverage purchases in these countries. Mark Sturton has published estimates for hotels in Vanuatu based on a 1983 survey (Sturton 1985). Sturton's estimates for the import content of hotel food purchases were: meat and poultry 29%, fish and seafood 15%, fruit and vegetables 31%, dairy products 66%, and groceries (excluding bread) 100%. My estimates for fish and seafood (17%) and for fruit and vegetables (33% by aggregate value) are very similar to Sturton's. Our different estimates for the import content of groceries is probably due in large part to my inclusion of bread in that category. Import bans on meat, milk, and eggs imposed since 1983 would account for much of our differing estimates for meat and dairy imports.

A survey of the import content of hotel food and beverage purchases in Fiji was undertaken in 1975 by Varley (Varley 1978). Varley's import content estimates were: meat and poultry 59%, fish and other seafood 54%, fruit and vegetables 54%, bread/dairy/eggs 14%, groceries 81%, and beverages 45%. Aggregate food import content was estimated to be 56%. For every category, except beverages, my estimates are less than Varley's, indicating that hotels in Fiji have reduced the import content of their food purchases over the last decade. Some of the reasons for this will emerge in the following section.

On the basis of the hotel purchasing officers' responses as to why imported food and beverages are served to patrons in preference to local products we are now in a position to discuss the possibilities for import substitution.

Possibilities for Import Substitution

The high import content of the hotels' food and beverage purchases reflects the high dependency of each nation in general on imported food products, It is to be expected, of course, given their emphasis on quality considerations and the taste preferences of their clientele, that hotels will import proportionately more items in each category than the nation as a whole. While concerned with the scope for import substitution in the hotels' food and beverage purchasing profile, this discussion has implications for import substitution in each nation as a whole, thereby reducing the leakages of foreign exchange for consumer items. In particular, it provides an additional perspective on how each country's agricultural development strategies can be promoted. While greater self-reliance in food production and the exploitation of new opportunities for food processing are desirable ends, they can be justified in purely economic terms only when they result in real cost savings to the nation.

Meat. The increase projected in the productivity of the Fijian beef industry (Fiji 1985: sec. 5.2.115), if achieved, will go some way to alleviate the situation where imported beef is served because local supplies are insufficient. While one might question the potential to bring about the estimated productivity increases, more effort needs to be paid to quality if local beef is to replace imported beef in hotels. At present, quality-control procedures are inadequate and hotels express concern about serving the local product.

Each country is improving pork production but in Vanuatu there is still too little to satisfy domestic demand. As domestic supply increases hotel imports of ham and bacon can be expected to decline.

The high cost of imported feed has affected the production costs of pig (and poultry) products in both countries. In Vanuatu there is some discussion about setting up a feed mill (Vanuatu 1984). This nation can learn a great deal from the Fijian difficulties in operating a cost-effective feed mill and it would be unwise to proceed too quickly in this endeavor. In the meantime, research should continue to develop livestock rations that require minimal imported ingredients.

Poultry. The Vanuatu poultry industry appears to be healthy. The main island of Efate is virtually self-sufficient in broilers and eggs. The import of eggs and frozen chickens is banned and progress has been made in substituting local chickens for imported items. There is every reason to believe that local production will continue to satisfy hotels' demand for poultry.

Fiji's poultry industry also appears healthy. During the period covered by the Ninth Development Plan a poultry industry stabilization committee was established to promote orderly expansion of the industry, to upgrade standards of hatchery hygiene, and to keep in check the periodic oversupply that has undercut prices and revenues. The plan also called for increased incorporation of local ingredients in poultry feed to substitute for imported maize and sorghum (Fiji 1985: sec. 5.2.113). If successful this could result in Fijian poultry farmers' achieving considerable savings in operating costs, thus maintaining the competitive edge of the local product over imports in hotel purchases.

While local production of meat and poultry in Fiji could be encouraged by increasing tariff rates, caution is warranted. At present Fiji imposes a 15% import duty on beef and pork products and an 80% duty on poultry. Any increase in these duties would increase prices to residents and tourists alike, raising the price of a Fiji holiday while most likely fostering inefficiencies in local industry. It is the quality of the local products that must be given urgent priority. Whereas there appears to be significant scope to expand the quantity of local pork and poultry available for domestic consumption, improved quality is a prerequisite to increased sales to the hotel sector.

Fish and Other Seafood. Possibilities for increased import substitution in the category of fish and seafood exist in Vanuatu. While the Fisheries Development Program in Vanuatu has met with a fair degree of success, larger increases in production can be absorbed. The processing and marketing of fish in urban areas is the responsibility of the government-owned Port-Vila Fisheries Ltd. Port-Vila Fisheries has provided a ready market for village fishermen and has developed the local market for fish as well as some marine products not traditionally harvested and consumed in Vanuatu, such as oysters, prawns, and squid. Port-Vila Fisheries serves both the domestic and export markets and imports directly when substitute local products are unavailable. Import duties are currently 55% for fresh and frozen fish and 45% for canned fish. In order to insure that imports do not conflict with fisheries development in Vanuatu and to attempt to maximize long-term government revenue from all sources--including import duties, tourist taxes, and export duties--consideration is being given to restricting imports of fresh and frozen fish, crustaceans, and shellfish solely to Port-Vila Fisheries. This might cause some short-term problems for hotels on those occasions when local supplies are insufficient to meet local demand, but it should stimulate the local fishing industry. Indications are that the marketing operations of Port-Vila Fisheries are reasonably efficient and only the inadequacy of local supplies needs to be remedied for hotels to purchase more local fish and seafood.

In Fiji certain initiatives promise to increase the possibilities for import substitution in hotel fish and seafood purchases. For some time the government has attempted to encourage fisheries development under the commercial Artisanal Fisheries Program designed to upgrade fish collection and marketing arrangements and provide technical training and advisory services to fisheries (Fiji 1985: sec. 5.3.11). Since 1983 the National Marketing Authority (NMA) has adopted a more active approach to fish marketing, with fish a priority product managed separately from its other product lines. It is envisaged that the NMA will become involved in all stages of marketing from the fisherman to the consumer. The NMA's involvement in retailing, preferably in a joint venture with an operator with proven retailing experience, is regarded as necessary if it is to make an effective contribution to setting quality standards. More emphasis needs to be given to factors such as the poor distribution system for domestic fish, the inability of fishermen to provide local products in the quantity and form required by urban consumers, preservation facilities, and knowledge of the resource base.

The success of the NMA's endeavors in retailing, improving fish quality, and processing will depend crucially on the quality of its management and the effectiveness of its proposed liaison with the Fisheries Division of the Ministry of Agriculture and Fisheries. The NMA could profit from a study of the operations of Port-Vila Fisheries in Vanuatu that operates in an efficient manner to reduce the dependence of hotels in Vanuatu on imported fish and other seafood items.

Fiji's import duties are currently 55% on fish and 60% on crustaceans and mollusks. One hotelier expressed the view that these high import duties on crustaceans should be lifted, especially when no local varieties exist, as is the case with scallops and oysters. However, in view of the proposed greater involvement of the NMA in fish and seafood marketing and the Fisheries Division concern to address problems on the supply side, there is a good case for maintaining existing tariff levels in the interim so that the success of these initiatives might be more readily assessed. After a suitable period tariffs could be reviewed with a view to their reduction or elimination.

For Fiji in 1975, 54% of fish and other seafood served by hotels was imported (Varley 1978). If the responses to my survey are accurate the figure is now 16%. It would seem that considerable progress has been made over the last decade regarding import substitution in this area. There is no doubt that hotels would prefer to purchase still more local fish and seafood but the main obstacles lie on the supply side.

As far as fish processing is concerned, viable commercial operations exist in Fiji and are possible in Vanuatu, In Fiji there is scope for greater utilization of the PAFCO fish processing plant, A project is underway to fillet and package premium fish cuts, and experimental work on fish drying and smoking is being conducted. While the current market for smoked fish is small there is potential for sales to the hotel sector. In Vanuatu, as the volume of pelagic fish increases, the establishment of a cannery could be considered. The small amounts of smoked fish available have been in demand but the fish marketing outlets lack purpose-built smoking facilities (Vanuatu 1984: sec. 9.27). A further benefit to each country would involve the production of fish meal to replace imported ingredients in animal feed.

Fruit and Vegetables. Projects currently underway in Fiji can be expected to reduce the proportion of imported fruit in hotels' purchasing profiles. There seems to be potential for local citrus fruit, particularly oranges. In this connection the Batiri Citrus Project appears promising. Between 1982 when harvesting commenced and 1984, local production of oranges has increased substantially (Fiji 1985: sec. 5.2.80). If output targets from the project are met, hotel purchases of imported oranges may be expected to fall. This will depend, however, on the quality of the local product, presently regarded as inferior to imports. Greater effort is also being put into avocado production with an emphasis on eliminating problems of irregular supply. Fiji hoteliers regard the local avocados as of good quality, so this should lead to increased purchases.

Realistically, however, in both countries under review some degree of import content--especially in nontropical varieties of fruit--will remain due to climatic and soil conditions and limited areas available for orchard development coupled with the hotels' concern to provide familiar taste offerings to patrons.

The soil and climatic conditions in each country are ideal for growing a wide variety of vegetables. The import content of hotel purchases of vegetables (Vanuatu 51%, Fiji 45%) appears high, While purchases may be expected to increase during the off-season, more attention needs to be paid to those vegetables where there is scope to improve quantity, quality, and reliability of supply.

There are also possibilities for indirect import substitution, replacing vegetables commonly served to tourists with local vegetables. In this respect a study ought to be undertaken concerning hotels' substituting the locally grown sweet potato, a high carbohydrate root crop, for other potatoes and rice. However, while indirect import substitution can increase hotel purchases of local food, the extent to which it can do so is limited. Unless tourists are offered a cuisine that satisfies their tastes they will not return to that holiday destination and will not recommend the destination to their friends.

Furthermore a number of possibilities exist for direct import substitution. Hotels would probably purchase substantially more locally grown potatoes in Vanuatu and Fiji if more were available. This would require more land for potato growing at the high elevations needed to grow temperate-climate crops in tropical latitudes. In Fiji new production areas currently under development in the highlands of Viti Levu promise to increase potato output. The future development of Fiji's vegetable industry is heavily dependent on research currently being undertaken by the Department of Agriculture (Fiji 1985: sec. 5.2.105). Such research is aimed at improving the productivity, at high elevation, of a variety of vegetables presently imported in large proportions by hotels: potatoes, onions, cabbage, carrots, lettuce, zucchini, celery, capsicum. What is sorely needed in these (and indeed in all countries in the South Pacific) is more substantial agricultural research to determine which varieties are best suited to local conditions, fertilizer responses, identification of optimal crop protection measures, and how improvements in productivity can be brought about.

The countries differ in the levels of import duties imposed on vegetables. Vanuatu does not tax vegetable imports--fresh, frozen, or preserved--but restrictions are imposed at various times to encourage local production. These import bans have apparently been effective in promoting the local production of potatoes, onions, and cabbage. In Fiji import duties are 10% on onions and potatoes and 30% on other vegetables. While the margin of protection afforded to local growers seems high enough local production does not appear to have increased to its full potential.

Possibilities for import substitution in vegetables are limited, however, by a number of constraints. These involve climatic and soil conditions, modes of agricultural production, social and behavioral constraints, economic and financial constraints, marketing constraints, and problems of quality control, storage, distribution, and inadequate institutional support (see Belisle 1984a; Ward and Proctor 1980). At present hotel purchases of imported fruit and vegetables are not significant compared to each nation's total food import bill. But as the tourist industry in each country expands, increasing losses of foreign exchange will result if such obstacles are not overcome. Limitations of space preclude a more detailed discussion of the barriers to agricultural development in each country. While the extent to which these sorts of constraints limit the possibilities for import substitution of vegetables in hotel purchases is not known precisely, one may speculate that their combined effect is significant, As the tourist industry in each country expands these impediments must be overcome if the hotel sector is to play an even greater role in promoting each nation's agricultural development objectives.

Dairy Products. Prospects for import substitution in the category of dairy products are encouraging in Vanuatu. Hotels already purchase 90% of their milk from local sources despite some reservations about its quality and the reliability of supply. More attention needs to be paid to the coordinated marketing of milk in Vanuatu. Import duties on milk, butter, and cream are a high 45% and give adequate protection to the developing local dairy industry. The government is presently very supportive of the cattle industry and as this sector develops local production of milk and other dairy products should increase, with increased purchases of the local product by hotels.

While the import content of dairy products served by hotels in Fiji is currently a low 4% (in contrast to 14% for the category of bread/dairy products/eggs in 1975 [Varley 1978]), the performance of the local dairy industry leaves much to be desired. The main problems constraining development of the industry involve poor management and husbandry practices, poor animal health and hygiene, land tenure arrangements, access to institutional credit, and the pricing and marketing of dairy products (Chandra 1983: chap. 8). While some of these problems are presently being addressed (Fiji 1985: sec. 5.2.128), there are no plans to modify the present level of subsidies to producers or to revise the level of protection accorded to the processing industry. Existing levels of import duties (milk and cream 5%, butter 75%, cheese and curd 40%), together with import restrictions, seem more than sufficient to protect the local industry and a case exists for reducing such protective measures while eliminating subsidies. In any case, protection by way of subsidies will not in itself promote self-sufficiency unless the various constraints are addressed. Unless these obstacles to development are overcome, the import content of hotel purchases of dairy products is likely to increase in the future along with the dairy products import bill of the nation as a whole.

Groceries and Possibilities for Food Processing. The large percentage of imports in the hotels' purchases of groceries should occasion no surprise. While the hotels nominated. unavailability of local supplies as the main reason for purchasing imported canned, frozen, and packaged foods, in general it would not be possible for local industry to compete in price or quality with imports. Accordingly, the import duties on canned, frozen, and preserved foods in the countries under review serve less to provide an umbrella of protection to local industry than as a source of government revenue.

There are some food processing plants in Vanuatu and Fiji but they are generally of small scale. There is some processing of meat and fish in each country.

The potential benefits from commercial agro-industrial projects include increased returns to growers, increased opportunities for employment, a reduction in food imports, and perhaps the generation of foreign exchange earnings. Commercial success in agro-processing requires an understanding of and capacity to manage technology transferred from overseas, security of market outlets, continuity of raw material supplies, and the maintenance of quality standards. Some specific reasons for underdevelopment of agro-processing in developing island nations include a long tradition of exporting unprocessed or semiprocessed food products and importing processed foods; limited availability and irregular supplies of raw produce, resulting in variable prices of essential imports; the high cost of importing canning equipment and materials; general lack of technical expertise; and a lack of marketing experience (see also Belisle 1984b:14).

While, in personal discussion, some officials hold out high hopes for expansion of food processing in the South Pacific, in general it seems unlikely that locally processed food products could compete in price and quality with imported groceries and canned and frozen foods. While there may be some export and import-replacement potential in agro-processing, the overall effect of an expansion in each country's food processing sector in meeting hotel consumption would be small.

Beverages. Substitution possibilities for imported beverages in each country are limited.

Import substitution appears possible in Vanuatu in the case of beer and soft drinks. Plans are underway for a local brewery. Since beer imports bring in substantial revenue to the government (140% import duty) it is intended that lost import duties will be recouped through an excise tax on the local product and higher tariffs on imported beer (Vanuatu 1984: sec. 5.30).

The potential for Fiji hotels to purchase more local beverages is somewhat limited. A local brewery is already in operation. Perhaps more local juices could be purchased by hotels in the future as the agricultural sector and agro-processing industry expand but this will have only a marginal impact on the import content of hotel beverage purchases.

Additional Considerations

While the above discussion has highlighted the possibilities for import replacement in food generally, two sorts of considerations must figure in the final assessment of specific avenues to pursue.

One consideration is that, in certain instances, it might not be cost effective to produce a foodstuff locally even when no major impediments frustrate the objective.[7] Small nations cannot afford to waste scarce resources in the quest for self-sufficiency when these resources can be better employed in alternative ways. In some cases real cost savings can be effected by importing particular foods and allocating available resources to development projects having more valued ends. Resources can be further misallocated when import duties are levied on products in order to stimulate domestic production. Not only does this raise the cost of living to residents of the country, but it also serves to increase the price of the holiday package to tourists. Policymakers in these countries must remain aware that protective efforts in the course of agricultural development can adversely affect tourism earnings.

The other consideration arises from the previous discussion of development as a multidimensional, rather than a narrowly economic, concept. It needs to be clearly understood that realization of the possibilities for import substitution in hotel food and beverage purchases is crucially dependent on changes in such diverse matters as traditional modes of production, aspiration levels, attitudes toward work (especially paid employment), incentives to secure an education and acquire skills, as well as changes in the prevailing criteria for agricultural decision making. Even if various other constraints--such as access to finance, inadequate quality control, storage and distribution problems, and inadequate institutional support--can be overcome, the cost of lowering many of the other barriers to agricultural development may be high in terms of adverse sociocultural impact. Although economic anthropologists are currently investigating such issues in the explicit recognition that agricultural change must take place within the context of institutional change (Barlett 1984), a great deal more research is needed before we can adequately understand the broader implications of any large-scale substitution of domestic for imported produce.

Conclusions

While many reasons hotels purchase imported food and beverages--such as pricing, convenience of use, tourist tastes, and regularity of supplies--were cited by hoteliers to explain the preference for imported food items, the unavailability of the local product was the most prevalent of all reasons given. Also noteworthy is the importance of quality considerations in influencing the purchasing decisions of hotels. These two reasons go a large way to explain the import content of hotel food and beverage purchases in each country.[8]

Since it is the quality and quantity of locally produced foodstuffs that predominate in explaining hotel food and beverage import content, these two factors must be addressed when considering the possibilities for import substitution. While possibilities exist for greater purchases of local produce by hotels, unavailability and inferior quality of local products frequently act as barriers to reducing the import content of hotel food and beverage purchases. At present any avoidable losses of foreign exchange due to hotel imports are not significant compared to the total food and beverage import bill for Vanuatu and Fiji. As the tourist industry in Vanuatu and Fiji expands, however--and there is scope for expansion in each--the foreign exchange leakages, together with the implied loss of local production and employment, may prove substantial. Some recommendations have been made as to how links may be more closely forged between an expanding tourist industry and food production in each country. The more precise is our knowledge of the present and potential net economic impact of the tourist sector in Vanuatu and Fiji the greater the opportunity for sound policy making in the area of tourism development.

In the effort to better understand the potential for import substitution of the sorts of food and beverages purchased by tourist hotels more investigation must be undertaken to determine the operative constraints to agricultural development in small island nations. Clearly social scientists in many disciplines have an important role to play in determining the impact of alternative development policies. While economic considerations have been emphasized here, many of the policy measures to enhance the economic impact of tourism will have sociocultural and other implications that can outweigh the potential economic benefits. All such effects must be taken into account in determining appropriate policy measures. A concerted interdisciplinary effort is needed to expand our knowledge in this problem area.

NOTES

The research upon which this paper is based was supported by the National Centre for Development Studies, Australian National University, as part of their Islands/Australia Project. The results of the author's broader study of the import content of tourist hotel food and beverage purchases in Western Samoa, Tonga, Vanuatu, and Fiji may be found in Dwyer 1988. The author wishes to thank Max Robertson for his comments on an early draft of this article. The paper has also benefited from a redrafting that took into account the valuable comments of *Pacific Studies'* referees (remaining errors are mine). Special thanks are due to all those persons in Vanuatu and Fiji, too numerous to mention individually by name, who supported this study by word and deed.

1. In 1979 the estimated population of Vanuatu was 111,251. Tourism is an important and growing sector of the economy, In 1984 visitor arrivals totaled 95,615--31,615 by air and another 64,000 aboard cruise ships. Around 55% of all visitors come from Australia, 15% from New Caledonia, 10% each from New Zealand and Japan, and 3% each from Europe and North America. There are presently around 520 tourist rooms available but proposed developments would double this number by 1995. Between 1975 and 1984 gross tourism receipts averaged 10.5% of GDP and 27% of all exports. Tourism-generated employment represents 20% of total paid employment. For elaboration and documentation see Dwyer 1986.

2. In 1985 the estimated population of Fiji was 699,000. Tourism provides a major and expanding source of foreign exchange earnings for Fiji, second only to sugar exports. In 1984 visitor arrivals totaled 295,227--235,227 by air and another 60,000 aboard cruise ships. Between 1979 and 1984 on average 42% of all visitors to Fiji were from Australia, 21% from North America, 16% from New Zealand, 7% from Europe, and 6% from Japan. Lying along the main trans-Pacific air route, Fiji has seen its tourist numbers increase at 6% per annum on average this decade. The 1987 coups that transformed Fiji into a republic resulted in a reduction of tourist numbers but they are beginning to pick up again as the nation returns to normal. The number of tourist rooms available as of July 1984 was 4,038, 1,599 of which are of deluxe/first class quality. Between 1975 and 1984 gross tourism receipts ranged between 16% and 22% of GDP and averaged 35% of all exports. Tourism-generated employment is around 27% of total paid employment. For elaboration and documentation see Dwyer 1986.

3. For an overview of the economic costs and benefits of tourism to these nations see Dwyer 1986.

4. For Vanuatu in 1983 imports of food and beverages totaled Vatu 1,211 million or 22.1% of all imports (Vanuatu 1984: table 5.4). For Fiji in 1984 food imports totaled F$487.1 million or 15.3% of all imports (Fiji 1985: 189, table D1). The government of Vanuatu lists rice, dairy products, canned fish, poultry, other meats and fish, fruit and vegetables, pasta, biscuits, sugar, flour, salt, coffee, cocoa, fats and oils, and beer as having "substantial import substitution potential" (Vanuatu 1984:65). The government of Fiji has emphasized possibilities for substituting domestic agricultural produce and livestock for imports in its latest development plan. Indeed, one of the major tourism sector objectives is to "increase the use of local agricultural and other produce in hotels so as to increase tourism value-added and to improve overall linkages with the rest of the economy" (Fiji 1985:88).

5. In Vanuatu, data were obtained from one large and three small resort hotels: two on the main island of Efate, one on Espiritu Santo, and one on Tanna. Together they account for about 20% of Vanuatu's available tourist accommodations. Only the two resort hotels on Efate were able to provide precise quantitative data. Three of the hotels, including the large resort hotel in Port Vila, are foreign owned. In Fiji data were obtained from one major resort hotel, one international hotel, three smaller tourist hotels, and a small resort hotel. The smaller hotels were unable to provide precise quantitative estimates of food and beverage purchases for each subcategory. The data for Fiji in Tables 1 and 2 are for the two large international hotels only. Both are over 90% foreign owned, are located on different sides of the main island Viti Levu, and account for just under five hundred rooms. Neither sample of hotels accommodates what might be regarded as an atypical or unrepresentative profile of foreign tourists that could bias the sorts of food purchases. The distribution and collection of the survey in Fiji was undertaken by the Department of Trade, Industry, and Tourism as a part of its ongoing research into agriculture and tourism as emphasized in Fiji's Ninth Development Plan (Fiji 1985). Unfortunately specific questions about hotels' purchasing profiles of meat, poultry, and fish were deleted from the questionnaire presented to hoteliers. Consequently my estimates of the import content of Fiji hotel purchases of meat, poultry, and fish rely heavily on hoteliers' estimates rather than on an analysis of hotel purchasing profiles of particular food items falling under these categories.

6. The methodology of this study is closely based on Belisle's valuable research for the Caribbean. The distinction between local food and imported food is based on his definitions (Belisle 1984a). "Imported food" comprises all imports ready for consumption and needing no further processing or packaging, or packaged within the nation without altering the form of the imported product, for example, local packaging of imported potatoes. "Local food" comprises all goods produced within the nation as well as food imports that require substantial processing. While the distinction is not precise (Belisle 1984a:822-823), in their responses to the questionnaire the hotel purchasing officers had no difficulty in classifying purchases according to the definitions.

7. A referee stressed this point.

8. This is the case throughout the South Pacific; see Dwyer 1988.

BIBLIOGRAPHY

Apthorpe, R., and A. Kráhl, eds.
1986 *Development Studies: A Critique and Renewal.* Leiden, The Netherlands: E. J. Brill.

Barlett, P., ed.
1984 *Agricultural Decision Making: Anthropological Contributions to Rural Development.* N.Y.: Academic Press.

Belisle, F. J.
1983 "Tourism and Food Production in the Caribbean." *Annals of Tourism Research* 10:496-513.
1984a "Tourism and Food Imports: The Case of Jamaica." *Economic Development and Cultural Change* 32, no. 4 (July): 819-842.
1984b "Food Production and Tourism in Jamaica: Obstacles to Increasing Local Food Supplies to Hotels." *Journal of Developing Areas* 19 (October): 1-20.

Britton, S.
1983 *Tourism and Under-development in Fiji.* Development Studies Centre Monograph, no. 31. Canberra: Australian National University.

Bune, P.
1987 "Vulnerability of Small Island States: The Case of the South Pacific Region and Fiji." *The Courier* [UNESCO, Paris], no. 104 (July-August): 85-87.

Chandra, S.
1983 *Agricultural Development in Fiji.* Canberra: International Development Program, Australian National University, on behalf of the Australian Vice Chancellor's Committee.

de Kadt, E.
1979 *Tourism--Passport to Development?* N.Y.: UNESCO and World Bank.

Dwyer, L. M.
1986 "Tourism in the South Pacific." In *Selected Issues in Pacific Island Development,* ed. R. V. Cole and T. G. Parry. Canberra: National Centre for Development Studies, Australian National University.
1988 *Import Content* of *Tourist Hotel Food and Beverage Purchases in the South Pacific.* Islands/Australia Project Working Paper 88/1. Canberra: National Centre for Development Studies, Australian National University.

Fiji
1984 *Corporate Plan for the National Marketing Authority of Fiji (1985-1989).* Suva: National Marketing Authority.
1985 *Fiji's Ninth Development Plan 1986-1990: Policies, Strategies, and Programmes for National Development.* Suva: Central Planning Office.

Graburn, N.
1983 "The Anthropology of Tourism." *Annals of Tourism Research* 10:9-33.

Hill, P.
1986 *Development Economics on Trial: The Anthropological Case for a Prosecution.* Cambridge: Cambridge University Press.

Krippendorf, J.
1982 "Towards New Tourism Policies: The Importance of Environmental and Sociocultural Factors." *Tourism Management,* September, 135-148.

Lattimer, H.
1985 "Developing-Island Economies--Tourism and Agriculture." *Tourism Management,* March, 32-42.

Legarda, B.
1984 "Small Island Economies." *Finance and Development,* June, 42-44.

Lestrade, S.
1987 "Economic Issues Affecting Development of Small Island States: The Case of the Caribbean." *The Courier* [UNESCO, Paris], no. 104 (July-August): 78-84.

Seers, D.
1981 *Dependency Theory: A Critical Reassessment.* London: Frances Pinter.

Sturton, M.
1985 *Economic Impact of Tourism in Vanuatu.* Port Vila: United Nations Economic and Social Commission for Asia and the Pacific.

Vanuatu. National Planning and Statistics Office
1981 *First National Development Plan, 1982-1986.* Port Vila.
1984 *Mid-Term Review of Vanuatu's First National Development Plan.* Port Vila.

Varley, R. C. G.
1978 *Tourism in Fiji: Some Economic and Social Problems.* Bangor, Wales: University of Wales.

Ward, R. G., and A. Proctor, eds.
1980 *South Pacific Agriculture: Choices and Constraints.* Manila: Asian Development Bank with Australian National University Press.